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Bob Butler *R*

Accounting Procedures

In his letter to you last August, Dr. Lederberg mentioned the difficulties departments face in managing available funds efficiently. Jim Stanford and I have discussed this subject with Ken Creighton and his staff. Frank Riddle is hopeful that we may be able to get NIH to change their current thinking and recognize the situation we face. Agencies used to permit us to match the available funds to "the variety of relevant and legitimately overlapping applications that we face," as Dr. Lederberg pointed out. Most of the recent tightening up of accounting procedures was caused by NIH audit (and a cost disallowance) in which they require every individual grant to stand on its own feet.

Riddle has an appointment the end of October in Washington to discuss with NIH and a group of concerned Universities new guidelines. He is optimistic that we will not only have more flexibility but might even receive back some of the cost disallowance.

We will keep you informed.

RMB:jw

cc: Joshua Lederberg, Ph.D.
Jim Stanford